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Senator Dianne Feinstein

of California

Senator Feinstein Calls on CEOs to Protect Privacy of Documents Outsourced Abroad

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Washington, DC – As policymakers consider the impact of American jobs being sent overseas, U.S. Senator Dianne Feinstein (D-CA) reminded CEOs of several major U.S. corporations of another danger brought on by the outsourcing of work abroad – the increased potential for identity theft.

“I am gravely concerned that consumer data is being sent overseas without proper safeguards,” said Feinstein in a letter to the CEOs of Citigroup, Bank of America, Ernst & Young, Equifax, and TransUnion.

According to recent news accounts, these companies have begun to outsource work to contractors and affiliates in foreign countries. Some of the documents used in the work include tax returns, credit files, and homeowner appraisals. A sixth company, Experian, is considering whether to outsource some of its work abroad.

In the United States, companies handling personal data must comply with the Health Insurance Portability and Accountability Act (HIPAA), the Children’s Online Privacy Protection Act (COPPA), the financial privacy provisions of the Gramm-Leach-Bliley Financial Services Modernization Act, and the Privacy Act of 1974. However, many foreign countries lack similar safeguards when it comes to handling consumer data.

In her letter, Sen. Feinstein expressed concern about the potential expansion of identity theft crimes if sensitive data like Social Security numbers are shared overseas.

“In my view, American companies which are outsourcing consumer data to foreign countries must assume responsibility for the data,” added Feinstein. **“American consumers simply do not have the resources or legal remedies to address misuse of their information by foreign companies or their employees.”**

According to the Federal Trade Commission, there were 161,819 victims of identity theft in the U.S. in 2002. Of these victims, 30,738 were Californians, giving California the highest per capita rate of identity theft of any state.

Feinstein warned the CEOs that if they fail to establish adequate safeguards, she may introduce federal legislation to protect Americans’ personal data when used abroad.

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